First Quarter 2012

2 May 2012

Dear shareholders,

For the first quarter of 2012, we report a net profit attributable to UBS shareholders of CHF 827 million and diluted earnings per share of CHF 0.22. The adjusted pre-tax profit for the Group was CHF 2.2 billion[1] as all of our business divisions recorded improved profitability, with increased revenues reflecting a partial recovery in client activity levels. We also saw improved net new money in our wealth management businesses where we recorded combined net inflows of CHF 10.9 billion. At the same time we made further progress in reducing risk-weighted assets and building our capital base. A noteworthy event in the quarter was the inaugural issuance of our Basel III-compliant loss-absorbing capital notes, where we successfully raised USD 2 billion from a broad base of institutional and private investors.

Looking at the first quarter in more detail, concerns surrounding eurozone sovereign debt and the European banking system eased temporarily following the decision of the European Central Bank to conduct a second long-term refinancing operation. In the US, the Federal Reserve addressed continuing worries about the prospects for economic growth and affirmed its commitment to maintain low interest rates for the foreseeable future. While these events were instrumental to a recovery in markets and provided a short-term boost to confidence levels following the lows of the fourth quarter, activity levels overall were more muted than those typically experienced at the beginning of the year. Investors remained cautious as they awaited a comprehensive and sustainable resolution to eurozone debt issues and evidence of a sustainable recovery in global economic growth.

In addition, our results for the quarter were affected by several significant items including CHF 1.2 billion of own credit losses, mostly recorded in the Investment Bank, as stronger markets resulted in our bond and credit default swap spreads tightening. We also recorded a reduction in personnel expenses of CHF 485 million, reflecting changes to our Swiss pension plan. Tax expenses were markedly higher this quarter, reflecting our improved operating performance. For the first quarter, we reported a pre-tax profit for the Group of CHF 1,304 million compared with CHF 481 million in the fourth quarter 2011.

Examining the performance of our businesses during the first quarter, **Wealth Management** delivered an increased pre-tax profit of CHF 803 million compared with CHF 471 million in the prior quarter. The result included a reduction in personnel expenses of CHF 237 million related to changes to our Swiss pension plan which reduced operating expenses. Increased levels of client activity compared with the historically low levels seen at the end of 2011 led to higher net fee and commission income and a 2 basis point increase in our gross margin to 93 basis points. We recorded operating income of CHF 1.8 billion this quarter, up by 6% from the prior quarter. Net new money inflows increased to CHF 6.7 billion from CHF 3.1 billion in the prior quarter as a result of strong inflows from the Asia Pacific region, the emerging markets and Wealth Management Switzerland, as well as globally from ultra high net worth clients. Our invested asset base benefited both from these inflows and from rising markets, and we closed the quarter with invested assets of CHF 772 billion, up 3% on the fourth quarter. We also continued to attract experienced client advisors in our strategic growth regions, primarily in the Asia Pacific region and emerging markets.

Wealth Management Americas continued to make good progress and achieved a record pre-tax profit of USD 209 million, up from USD 156 million in the prior quarter. This improvement was led by a 4% increase in operating income, and reflected higher transactional revenue including higher income from the sale of equities and structured products as well as higher realized gains from the available-for-sale portfolio. Operating expenses increased due to increased personnel expenses. The business continued to make progress in its banking and lending initiatives with significant growth in average mortgage balances from our high net worth and ultra high net worth clients as well as in its securities-backed lending balances. Net new money inflows increased to USD 4.6 billion compared with USD 2.1 billion in the prior quarter. We are pleased to note that overall financial advisor attrition rates remain low, reflecting the advisors' recognition of the business's momentum.

The **Investment Bank** successfully balanced revenue generation, risk reduction and cost efficiency to deliver attractive returns this quarter as it continued executing our strategy. The business achieved an adjusted pre-tax profit[2] of

[1] Excluding an own credit loss on financial liabilities designated at fair value of CHF 1,164 million, debit valuation adjustments of negative CHF 53 million, net restructuring charges of CHF 126 million and a reduction in personnel expenses of CHF 485 million related to changes to our Swiss pension plan. [2] Excluding an own credit loss on financial liabilities designated at fair value of CHF 1,103 million, debit valuation adjustments of negative CHF 53 million, net restructuring charges of CHF 101 million and a reduction in personnel expenses of CHF 38 million related to changes to our Swiss pension plan.

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CHF 846 million on higher revenues across all business areas, which were well placed to capture the opportunities presented by improved markets. The Investment Banking Department increased capital market revenues, winning market share and improving its ranking in the capital markets business. In Equities, cash revenues in particular benefited from increased commissions as volumes improved across all regions. Revenues in our fixed income, currencies and commodities operations increased by 45% as our credit and emerging markets businesses benefited from strong trading results as overall client activity improved and market volatility declined. Overall, the Investment Bank improved its trading efficiency and maintained vigilance on costs, helping it to achieve an adjusted cost/income ratio[1] of 71.7%. The business also continued to make significant progress in reducing risk-weighted assets and, at the end of the quarter, risk-weighted assets measured on a Basel 2.5 basis were CHF 114 billion, down from CHF 135 billion at the end of the prior quarter. We are pleased to note that Basel III pro-forma risk-weighted assets[2] were reduced by CHF 21 billion to CHF 191 billion, putting the business ahead of its plan to reduce Basel III risk-weighted assets to approximately CHF 190 billion by the end of this year.

For the first quarter, our **Global Asset Management** business recorded an increased pre-tax profit of CHF 156 million compared with CHF 118 million in the previous quarter. Operating income benefited from higher performance fees, mainly in alternative and quantitative investments and, most notably, in our O'Connor flagship single-manager funds, but also in traditional investments, especially equities. Net management fees were slightly lower. Operating costs for the business were lower this quarter, mainly as a result of a pension plan-related reduction to personnel expenses of CHF 20 million. Several large institutional clients re-aligned their portfolios in the first quarter. Combined with a delay in some inflows until the second quarter, this contributed to third-party net new money outflows of CHF 2.9 billion excluding money market flows. In contrast, net new money inflows through our wealth management businesses, excluding money market flows, turned positive at CHF 0.3 billion.

Our **Retail & Corporate** business continues to make a significant contribution to the Group as a whole in terms of revenue and profitability, as well as delivering growth opportunities to our other businesses. For the first quarter the business recorded a pre-tax profit of CHF 575 million compared with CHF 412 million in the prior quarter. The result included a CHF 190 million pension plan-related reduction in personnel expenses which contributed to lower operating costs this quarter. Operating income increased to CHF 936 million and included a credit loss recovery of CHF 18 million. Net trading and net interest income decreased, reflecting lower treasury-related income, while net fee and commission income rose on increased client activity. The business delivered strong growth performance supported by various initiatives to attract new clients and identify sales opportunities from our existing client base. As a result, we opened 24,000 new private client accounts in the first quarter and attracted CHF 1.6 billion in net new client assets from our Swiss clients.

As we have previously stated, we believe that our capital strength gives us a competitive advantage and remains fundamental to our success. We ended the quarter with a Basel 2.5 tier 1 capital ratio of 18.7%, up from 15.9% in the prior quarter, and an estimated Basel III common equity tier 1 ratio[2] of 11.8% calculated on a phased-in basis. We continued to make swift progress in reducing risk-weighted assets and are well ahead of schedule, having already achieved a significant part of the planned reductions for the Group for 2012. In keeping with our strategy to reduce risk-weighted assets and improve capital efficiency, in March we entered into an agreement in principle with a monoline insurer to commute certain credit default swaps in exchange for a cash payment. This deal, which has now been finalized, removes a significant hurdle to selling or restructuring approximately CHF 15 billion of Basel III risk-weighted assets. As we mentioned earlier, in February, and in a landmark deal for the industry, we issued USD 2 billion of Basel III-compliant loss-absorbing notes to private and institutional investors in Asia and Europe. This inaugural issue marked the first step in a regular global issuance program designed to ensure we maintain our leading position in the Basel III banking environment. We will continue to build toward our targets of a common equity tier 1 ratio of 13% under Basel III and a total capital ratio of 19% required by our Swiss regulator, FINMA.

1 Excluding an own credit loss on financial liabilities designated at fair value of CHF 1,103 million, debit valuation adjustments of negative CHF 53 million, net restructuring charges of CHF 101 million and a reduction in personnel expenses of CHF 38 million related to changes to our Swiss pension plan. 2 The calculation of our pro-forma Basel III risk-weighted assets combines existing Basel 2.5 risk-weighted assets, securitization exposures based on a revised model that applies a fixed risk weighting, and new capital charges based on new models and calculation engines. These new models require regulatory approval that is not expected until after further guidance is developed. Our pro-forma Basel III risk-weighted assets therefore include estimates of the impact of these new capital charges and will be refined as new models and the associated systems are enhanced and as regulatory interpretations evolve.

We continue to manage costs carefully, and the first quarter results underline our progress to date. The adjusted cost/income ratio for the Group[1] fell to 72.4% from 87.5% in the prior quarter. We remain on track to deliver on our CHF 2 billion cost reduction target by the end of 2013. While we have already taken many of the actions needed to deliver these efficiencies, we will remain vigilant on costs regardless of the market environment.

Additionally, we are assessing longer-term strategic projects which will enable us to streamline our organizational design and structure allowing us to deliver even greater efficiencies over the coming years. We have already made progress, centralizing and restructuring logistics and improving control functions as well as significantly reducing costs for the Group as a whole. In future, we will standardize our processes, streamline our product offering and approach our clients in a more systematic way, while using our resources efficiently, improving operational control further and employing technology to even greater advantage. We have appointed a program director to manage these wide-ranging projects effectively, as well as a Head of Group Operations, who will lead this newly established function tasked with driving improvements across the firm.

At our Investor Day 2011, we set out detailed plans for the execution of our strategy and announced target performance ranges for our businesses and the Group designed to balance sustainable growth in profits, improved efficiency and lower capital intensity. Successful strategic execution as measured against these targets will form the basis for a progressive capital returns program for our shareholders. We have already made significant headway in critical areas in the two quarters since these targets were announced, despite facing challenging markets along the way. We are ahead of our risk-weighted assets reduction targets for the year, enabling us to increase our leading capital ratios further. Most of our businesses are already operating within their targeted cost/income ranges, bearing testimony to our continued progress implementing efficiency measures across the Group. In terms of growth, our wealth management businesses made good progress and are delivering net new money growth within the targeted ranges, and our Retail & Corporate business is ahead of target for new business volume growth. In challenging conditions for the industry as a whole, net new money growth performance in our Global Asset Management business fell outside its targeted range in the first quarter. Wealth Management Americas and Global Asset Management both achieved gross margins within the target ranges, and we believe that our Wealth Management business should achieve its minimum target level for gross margin as client confidence improves, and move comfortably within that range once there are significant improvements in the interest rate environment.

We remain committed to being a responsible partner to the communities in which we do business and, as part of our ongoing 150th anniversary activities, we recently announced the establishment of a broad-based education initiative that supports projects across all age groups and educational levels in Switzerland and abroad. The creation of the UBS International Center of Economics in Society will be the flagship of this initiative. Based within the University of Zurich, one of the top European institutions in the field of economics, and under the direction of world-renowned economist Professor Ernst Fehr, UBS will support the establishment of up to five new permanent chairs, facilitating leading-edge interdisciplinary research in economics and the financial markets. The UBS International Center will also foster regular dialogue and debate in the fields of science, business, and politics through a series of public events, lectures, workshops and seminars. We believe this substantial investment will be important not only for promoting education in our home market, but also in helping support Switzerland as a premier global business location.

Outlook – As in recent quarters, progress on sustained and material improvements to eurozone sovereign debt issues, concerns regarding the European banking system and US federal budget deficit issues, as well as continued uncertainty about the global economic outlook in general, will likely have an influence on client activity levels in the second quarter of 2012. Failure to make progress on these key issues would make further improvements in prevailing market conditions unlikely and would have the potential to continue the headwinds for revenue growth, net interest margins and net new money. Nevertheless, we believe our wealth management businesses as a whole will continue to attract

1 Excluding an own credit loss on financial liabilities designated at fair value of CHF 1,164 million, debit valuation adjustments of negative CHF 53 million, net restructuring charges of CHF 126 million and a reduction in personnel expenses of CHF 485 million related to changes to our Swiss pension plan.

net new money, as our clients recognize our efforts and continue to entrust us with their assets. We are confident that the coming quarters will continue to present additional opportunities for us to strengthen our position as one of the best-capitalized banks in the world, and we will continue to focus on reducing our Basel III risk-weighted assets and building our capital ratios. We have the utmost confidence in our firm's future.

Yours sincerely,

Kaspar Villiger
Chairman of the
Board of Directors

Sergio P. Ermotti
Group Chief Executive Officer

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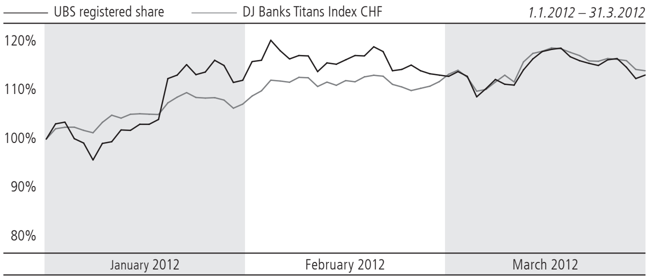
Our key figures for the first quarter of 2012

UBS share performance

First quarter 2012



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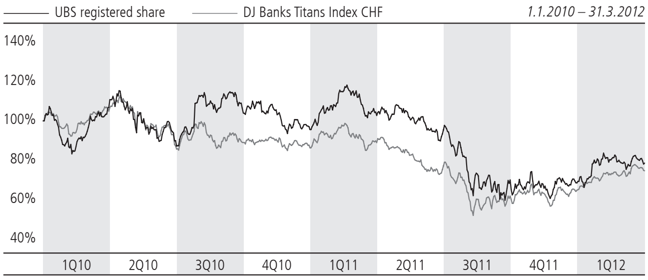

Group results

	As of or for the quarter ended		
CHF million, except where indicated	**31.3.12**	31.12.11	31.3.11
Operating income	**6,525**	5,862	8,344
Operating expenses	**5,221**	5,381	6,110
Operating profit before tax	**1,304**	481	2,235
Net profit attributable to UBS shareholders	**827**	319	1,807
Diluted earnings per share (CHF)[1]	**0.22**	0.08	0.47

1 Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Financial information" section of the first quarter 2012 report for more information.

Key performance indicators, balance sheet and capital management[1]

	As of or for the quarter ended		
CHF million, except where indicated	**31.3.12**	31.12.11	31.3.11
Performance			
Return on equity (RoE) (%)	**6.2**	8.5	15.5
Return on risk-weighted assets, gross (%)[2]	**11.5**	13.7	16.6
Return on assets, gross (%)	**1.9**	2.1	2.6
Growth			
Net profit growth (%)	**159.2**	(68.7)	8.7
Net new money growth (%)[3]	**0.6**	1.1	4.0
Efficiency			
Cost / income ratio (%)	**80.5**	91.6	73.3
Capital strength			
BIS tier 1 ratio (%)[4]	**18.7**	15.9	17.9
FINMA leverage ratio (%)[4]	**5.6**	5.4	4.6
Balance sheet and capital management			
Total assets	**1,365,837**	1,419,162	1,291,286
Equity attributable to UBS shareholders	**53,226**	53,447	46,695
Total book value per share (CHF)[5]	**14.10**	14.26	12.28
Tangible book value per share (CHF)[5]	**11.62**	11.68	9.74
BIS core tier 1 ratio (%)[4]	**16.7**	14.1	15.6
BIS total ratio (%)[4]	**21.1**	17.2	19.4
BIS risk-weighted assets[4]	**211,092**	240,962	203,361
BIS tier 1 capital[4]	**39,570**	38,370	36,379

1 For the definitions of our key performance indicators, refer to the "Measurement of performance" section of our Annual Report 2011. **2** Based on Basel 2.5 risk-weighted assets from the first quarter of 2012 onwards. Based on Basel II risk-weighted assets for periods prior to the first quarter of 2012. **3** Excludes interest and dividend income. **4** Capital management data as of 31 March 2012 and 31 December 2011 is disclosed in accordance with the Basel 2.5 framework. Capital management data as of 31 March 2011 is disclosed in accordance with the Basel II framework. Refer to the "Capital management" section of the first quarter 2012 report for more information. **5** Refer to the "Capital management" section of the first quarter 2012 report for more information.

Results by business division and Corporate Center

CHF million	Total operating income			Total operating expenses			Performance from continuing operations before tax		
For the quarter ended	**31.3.12**	31.12.11	% change	**31.3.12**	31.12.11	% change	**31.3.12**	31.12.11	% change
Wealth Management	**1,769**	1,673	6	**966**	1,203	(20)	**803**	471	70
Wealth Management Americas	**1,425**	1,370	4	**1,235**	1,226	1	**190**	144	32
Investment Bank	**1,800**	1,887	(5)	**2,173**	1,901	14	**(373)**	(14)	
Global Asset Management	**478**	463	3	**322**	345	(7)	**156**	118	32
Retail & Corporate	**936**	928	1	**361**	517	(30)	**575**	412	40
Corporate Center	**118**	(459)		**165**	189	(13)	**(47)**	(649)	93
UBS	**6,525**	5,862	11	**5,221**	5,381	(3)	**1,304**	481	171

Additional information

	As of or for the quarter ended		
CHF million, except where indicated	**31.3.12**	31.12.11	31.3.11
Invested assets (CHF billion)[1]	**2,115**	2,088	2,118
Personnel (full-time equivalents)	**64,243**	64,820	65,396
Market capitalization[2]	**48,488**	42,843	63,144

1 In the first quarter 2012, we have refined our definition of invested assets. Prior periods have been adjusted accordingly. Refer to the "Recent developments and financial reporting structure changes" section of the first quarter 2012 report for more information. Invested assets as of 31 March 2012 include Retail & Corporate invested assets of CHF 56 billion (31 December 2011: CHF 55 billion; 31 March 2011: CHF 58 billion). 2 Refer to the appendix "UBS shares" of the first quarter 2012 report for more information.

Cautionary Statement Regarding Forward-Looking Statements | This document contains statements that constitute "forward-looking statements", including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (1) developments in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates and interest rates and the effect of economic conditions and market developments on the financial position or creditworthiness of UBS's clients and counterparties; (2) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings; (3) the ability of UBS to reduce its Basel III risk-weighted assets in order to comply with future Swiss capital requirements without materially adversely affecting its profitability; (4) changes in financial legislation and regulation in Switzerland, the US, the UK and other major financial centers which may impose constraints on or necessitate changes in the scope and location of UBS's business activities and in its legal and booking structures, including the imposition of more stringent capital and liquidity requirements, incremental tax requirements and constraints on remuneration; (5) possible constraints or sanctions that regulatory authorities might impose on UBS, including as a consequence of the unauthorized trading incident announced in September 2011; (6) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS's ability to compete in certain lines of business, (7) the liability to which UBS may be exposed due to litigation, contractual claims and regulatory investigations, some of which stem from the market events and losses incurred by clients and counterparties during the financial crisis of 2007–2009; (8) the effects on UBS's cross-border banking business of tax treaties negotiated or under discussion between Switzerland and other countries and future tax or regulatory developments; (9) the degree to which UBS is successful in effecting organizational changes and implementing strategic plans, and whether those changes and plans will have the effects intended; (10) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses; (11) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (12) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (13) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (14) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures, either within UBS or within a counterparty; and (15) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2011. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Rounding | Numbers presented throughout this document may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages and percent changes that would be derived based on figures that are not rounded.